

Message Text

PAGE 01 BERN 02736 021630Z

43

ACTION AGR-20

INFO OCT-01 EUR-25 IO-13 ADP-00 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 RSR-01

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E.O. 11652: N/A

TAGS: ETRD, EEC, EFTA, SZ

SUBJ: SWISS-EC TRADE AGREEMENT: RULES OF ORIGIN

REF: BERN 2735; GENEVA 3032; STATE 118714; BERN 1578

1. AMBASSADOR JOLLES, DIRECTOR OF SWISS TRADE DIVISION, TOLD ECONCOUNS JUNE 29 THAT SWITZERLAND WANTED TO RETAIN SUFFICIENT FLEXIBILITY TO WORK FOR CHANGES IN RULES OF ORIGIN ON SPECIFIC ITEMS OF INTEREST TO US WHEN TRADE DAMAGE INDICATED, BUT NO LONGER CONSIDERS AD HOC APPROACH POLITICALLY FEASIBLE IN LIGHT OF REACTIONS AT INITIAL GATT MEETING ON SUBJECT. FOR SWITZERLAND TO ATTEMPT NOW TO DEAL WITH SPECIFIC CASES OF TRADE INJURY OF US INTEREST AS THEY ARISE WOULD BE TO PLAY INTO FRENCH OPPOSITION TO CURRENT RULES OF ORIGIN WHICH FRENCH ACCEPTED RELUCTANTLY. IN CIRCUMSTANCES JOLLES BELIEVES "PASSIONS WILL HAVE TO COOL" BEFORE A SOLUTION OF RULES OF ORIGIN SATISFACTORY TO US CAN BE PROPOSED BY SWISS GOVERNMENT. SIMILAR OFFER WAS REPORTED BERN'S LIMITED OFFICIAL USE
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PAGE 02 BERN 02736 021630Z

1578 BEFORE JOLLES VISITED WASHINGTON IN EARLY MAY.

2. JOLLES NOTES THAT SWISS-EC AGREEMENT PERMITS COMPREHENSIVE REVIEW OF RULES OF ORIGIN TWO YEARS AFTER ENTRY INTO FORCE OF

SWISS-EC TRADE AGREEMENT, THAT IS APRIL 1975. HE DOES NOT BELIEVE THAT POINTS OF INTEREST TO US CAN REALISTICALLY BE DISCUSSED BEFORE REVIEW PERIOD AND THAT COMPREHENSIVE SOLUTION TO PROBLEM OF RULES OF ORIGIN WILL HAVE TO BE SOUGHT AT THAT TIME. HE SUGGESTS THAT US AND SWISS GOVERNMENTS BEGIN PREPARATION OF DATA DEMONSTRATING TRADE-DISTORTING EFFECT OF RULES OF ORIGIN AND PROPOSALS ON REFORM.

3. DR. BENEDIKT VON TSCHARNER, CHIEF OF INTEGRATION BUREAU IN SWISS TRADE DIVISION, TAKES A SOMEWHAT MORE OPTIMISTIC VIEW. HE SAYS SWISS INDUSTRY IS NOT ENTIRELY HAPAND SWISS GOVERNMENT COULD CAPITALIZE ON THIS OPPOSITION IN REQUESTING CHANGES IN RULES OF ORIGIN. VON TSCHARNER NOTES THAT MIXED COMMISSION HAS ALREADY MADE TWO CHANGES IN RULE ON ACCUMULATION TO SATISFY UK AND DENMARK. (SEE EC OFFICIAL JOURNAL NO. L-160, JUNE 18, 1973, PAGE 56, IN GERMAN LANGUAGE.) HE SUGGESTS THAT IT MIGHT BE POSSIBLE TO TAKE UP PRESSING PROBLEMS OF TRADE DISTORTION IN ADVANCE OF 1975 IN CASES WHERE THIS EFFECT WAS ACCIDENTAL, AS HE SUSPECTS CAN BE DEMONSTRATED IN A NUMBER OF INSTANCES. HE AGREES, HOWEVER, ON NEED TO WAIT UNTIL TRADE DISTORTIONS CAN BE CONSIDERED MORE DISPASSIONATELY.

4. SWISS ARE BEMUSED BY PROBLEM OF CORN FOR PROCESSING INTO CORN FLAKES. THEIR RESEARCH UNCOVERS NO BASIS FOR PRESENT DESCRIPTION OF ITEM. VON TSCHARNER SUSPECTS THIS WAS DONE BY INADVERTANCE. DAVIS

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